



# Quarterly Rules

Volume 3 March 2009

Let's take a look at Section 4

## Deposits

From the General Service Rules and the Telecommunications Providers

**How well do you know the Rules that apply to them?**

Rather than type the rules here, I think we will just address some of the confusion we have seen within this section of the Rules. I know you all have handy copies of your Rules (as per Rule 1.07 A-1) so let's just jump right in.

We all know that new customers can be charged a deposit if they don't meet certain guidelines.

Rule 4.01. Lists all of the reasons.

This Rule also talks about the amounts that can be charged based on different situations.

**D**id you know that you **cannot** charge a deposit for a new customer based on a location? With no history on an applicant, a company shall not charge more than 2 class average bills for the type of service being requested and if you stop to think about this, it makes sense because your new customer at this location may be very frugal compared to the previous customer. What is your company class average on a residential bill? Do you know?

Rule 4.02.

**T**his Rule deals with the different reasons that a company may raise a deposit on an account and we all know most of these reasons- pay late 2 times in a row or any 3 times in the last 12 months, failed to pay before the close of business on the shut-off date.

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**S**o let's talk about a section of this rule that you might be missing a chance to secure an account in which a class average has been charged and they are NOT paying late, but rather using more service than your class average. Rule 4.02.A. (6) can help you here. It states that if the customer used more service than the estimate (again this would be the class average) on which the utility based the deposit in the first 12 months a company can raise the deposit based on that customer's usage. It must be done in the first 12 months and not after that time. This is another chance to secure an account in the rules that you might be missing!

**Rule 4.02.C.** **W**ritten Notice shall be given for charging any new or additional deposit, the amount of the deposit, when the deposit must be paid, and the consequences of failing to pay the additional deposit. Do you know how your company gives this notification?

Securing an account leads us into Rule 4.04.- let's talk about the Co-Signer:

**Rule 4.04.**

**I** am sure that most of you understand this rule, but it has come to my attention that some have no way in their system to insure those who co-sign remain in good standing while listed as a co-signer. If the co-signers pay record goes south or shuts down all together, how much security do you really have on the other account?

**F**ind a way for your system to flag those accounts and insure that those who are co-signers are still active and in good standing with you.

**T**he amount co-signed is as good as cash and counts towards the total amount of someone's Deposit.

Don't forget that if this customer is paying late and gets an increase in their deposit, the customer can ask the same co-signer to agree to secure the new amount as well. They could even have a second co-signer for the new amount.

Also, remember that once you discover that someone is no longer eligible to co-sign you will have to inform the customer so that they can secure the deposit in another way.

Applicants must either pay the deposit in full, up front or they can pay ½ up front and the second ½ on the first bill.

**N**o payment arrangements have to be made on a deposit.

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**Interest** – A utility shall pay interest annually on deposits. The Commission sets the amount at the end of December for the next year. Our last newsletter told you of this year's amount (2.8%).

## Crime Doesn't pay Fraud or Tampering

Now we are in a whole different ball park and the rules get tougher with situations of tampering or Fraud. Rule 4.02.B. (1).

If the reason for requiring a deposit is unauthorized use of service or tampering with utility equipment, the total amount on deposit with the utility shall not be more than the estimated bill for 6 average billing periods plus the cost of potential damage to utility equipment.

**O**ur normal response to the customer who swears "it was not they who tampered with your equipment:" is that it does not matter because they are the customer of record. They are the ones held responsible for anything that happens, not to mention they are the ones who benefited from the service when it was turned back on! This type of Deposit is also one of the exceptions to Rule 4.06. It does not have to be refunded till the account is closed!

## Rule 4.06. Refunding Deposits

**R**esidential customers who pay their bills by the due date for 12 months in a row will promptly be refunded their deposit. Of course, the key here is for them to understand this is the due date on that first bill and NOT the one on the shut off notice that we are talking about!

## RULE 4.08.

**T**he rule states that a utility shall not charge an additional deposit if a customer requests that his service end at one location and start the same class of service from the same utility at another location and the change takes 90 days or less.

## No Brainer

You can't charge them an increase just because they are moving unless you were about to do this while they were at the current location.

## The melting pot of Rule information

## **A few helpful bits of info from other rules:**

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**1- Medical extensions-** The Commission considers any child (in a home) under 12 months of age, regardless of the current existence of illness or injury to be reason enough for a customer to get a medical extension. A Doctor only has to sign off on the fact that a child of that age lives in that home! You can find this info in the Definitions part of the rules. Look under "Serious Medical Condition".

**2- Records and how long they should be kept-** you can find all this info in section 7 of the rules as well as Rule 2.04. Needless to say, as long as they are a customer with you, we expect you to be able to produce the history on their account. When your company moves something into Archives is your call as long as it can be accessed when either the Commission or a customer requests it.

**3- Returned checks-** Rule 5.12. States that you do not have to accept payment by check if the customer has given the utility 2 checks which were returned unpaid for reasons other than bank error in the last 12 months.

Did you know this means if I have five accounts with you and have two returned checks on any one of them, you can refuse payment by check on all five? The key word to this rule is "customer". It has to be the same name and social on all accounts. This could save you from the snowball effect.

In closing, we'd like to thank everyone that was involved in the recent ice storm restoration. What dedication and team work! From keeping all of us informed of the daily progress, (which by the way helped us to settle many of your customers' concerns) to those who put in such long hours in order to get the work done! The teamwork and dedication that you all showed did not go unnoticed here in Consumer Services.

And now like they ended all those great Bugs cartoons ...I'll close here by saying

# **That's all folks!**